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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

New Delhi, the 9th September 1953

REPORT OF THE COMMODITY CONTROLS COMMITTEE

No. 25-PC(6)/53.—The Commodity Controls Committee set up in October 1952 to examine and review the working of the existing control laws and to make recommendations for improving the existing system of control and for streamlining the present Control orders and Notifications has submitted its report.

2. The Committee has examined the case for and against controls in general and come to the following conclusions which are in accord with Government's views on the subject:—

- (a) For planned progress in the economic field, Government must, in the last analysis, retain the powers of overall guidance and control; and
- (b) Controls on all essential commodities should be on an All-India basis.

3. For this purpose the Committee has recommended the enactment of a single permanent and consolidated piece of legislation which would confer on the Central Government reserve powers of control over any commodity at any time and which would be sufficiently elastic and comprehensive to meet any emergency. The Committee has suggested that such a law should be enacted on the lines of the Essential Supplies (Temporary Powers) Act and pointed out that once this has been done the powers at present derived from the Drugs (Control) Act and Chapter III B of the Industries (Development and Regulation) Act would become unnecessary.

4. Legislation of this kind can only be undertaken, as the Committee points out, if the Constitution is amended to confer upon Parliament the necessary legislative powers. The Committee has recommended that entries 26 and 27 of the State List should, for this purpose be transferred to the concurrent list. If this is not possible for any reason, the Committee has suggested that the Constitution should in the alternative be amended to confer legislative powers on Parliament in respect of foodstuffs, cattle fodder, raw cotton, cotton seed and other agricultural products by making an appropriate new entry in the concurrent list. These recommendations are of a fundamental and far reaching character. The Committee has emphasised the need for urgency by pointing out that the Essential Supplies (Temporary Powers) Act, 1946, is due to expire on the 25th January, 1955. The Government of India propose to examine these recommendations in consultation with the State Governments.

5. The Committee has made a careful examination of the existing enactments conferring powers of control on the Central Government. The Committee has felt that there are no strong reasons to provide for the continuance of the Supply and Prices of Goods Act, 1950, and that it should be allowed to lapse. Government accept this recommendation and do not propose to extend the life of this Act beyond the 15th February, 1954, when it is due to lapse. In the meantime, with immediate

effect the controls exercised under this Act on casein, tanning materials, and tannery wool will be lifted. The question whether controls on non-ferrous metals, caustic soda, soda ash and sulphur which are being exercised under this Act should be abolished or continued under the Industries (Development and Regulation) Act is under examination.

6. Regarding the Drugs (Control) Act, 1950, the Committee has recommended that the Orders and Notifications issued under this Act and the corresponding Part A and Part B State laws may be withdrawn. The Government of India are consulting the State Governments on this point and their decision will be announced in due course.

7. The Committee has recommended that all orders relating to prohibition or regulation of Forward Contracts, futures and options should be withdrawn and appropriate action in that direction should be taken under the Forward Contracts (Regulation) Act, 1952. The Government of India agree in principle with this recommendation. The Forward Contracts (Regulation) Act, 1952, has now been brought into force and suitable action in this respect will be taken.

8. The Committee has made a careful study of the penal provisions of the existing Control Laws as well as the special procedures laid down relating to investigations and the launching of prosecutions. The Committee has also made recommendation with regard to the administration of these laws, the need for the prompt disposal of all cases relating to Control Laws and other allied matters. Some of these points will require executive action by the State Governments or by the Central Government and some of them will require legislation. The Government of India are generally in agreement with the principles underlying the Committee's recommendations and will in consultation with the State Governments take suitable steps for their implementation.

9. The Government of India also agree with the Committee that steps should be taken to make the Control Laws more easily intelligible to every one concerned and they recognise the importance of making available to the public all Notifications and amendments issued under the Control Laws in a readily accessible form. The Committee itself has forwarded to Government after a great deal of painstaking work a number of consolidated drafts bringing together at one place all the Notifications and Orders issued under different Acts. These are under examination and will after scrutiny be published in a suitable manner.

10. Government also note the recommendations made by the Committee regarding the elimination of some forms and returns which are not serving a particularly valuable purpose and steps will be taken to reduce the number of returns under the different Control Laws.

11. The Committee's recommendations that there should be an even balance between temporary and permanent people in the Control Offices and that a common roster of temporary Government servants should be maintained, are noted.

12. Government note with satisfaction that the study which the Committee has made of the proposals applicable to different commodities of importance such as food, cloth, steel, coal and salt does not reveal the need for any major change or modification of Government policy. The recommendations of the Committee are in fact in accord with the kind of measures which Government have introduced in the recent past and are briefly dealt with below:—

A. Foodgrains.—The Committee has accepted the need for compulsory procurement, for the continuance of Foodgrains (Licensing and Procurement) Order, 1952, for banning forward trading in respect of essential foodgrains, for expanding the scope of fair price shops either as an alternative or as a supplement to statutory rationing and for allowing normal trade channels to function as the food situation improves. The Committee has emphasised the importance of studying the costs and prices of various competing crops. It has also pointed out that the Central Government should keep the question of Inter-Commodity and Inter-State price parity under constant review so as to minimise such disparities and to prevent any exploitation by a surplus State of the difficulties of a deficit State. Other measures connected with food items which the Committee has recommended and which Government accept are:—

(a) orders issued for direct control over individual sugar mills for maintaining production and supply of sugar should be issued more appropriately under the Industries (Development and Regulation) Act, 1952;

- (b) the Fruit Products Order, 1948 should be continued as a permanent measure; and
- (c) the Perishable (Food Stuffs) (Power of Sale) Order, 1950 may continue.

B. Cotton Textiles.—The Committee has recommended that progressively control over production of cloth should be lifted except for such control as may be required to protect the handloom industry and to ensure that the consumer gets a durable cloth. Government have already relaxed the control over production to a considerable extent and they note the recommendation of the Committee on the subject. The Committee has recommended the withdrawal of the Government Contractors (Disposal of Cotton Textiles Unused Materials and Rejected Stores) Order, 1949. Government accept this recommendation. The attention of the State Governments has already been drawn to the undesirability of restricting the movement of cotton textiles into or out of the States. The Government note the Committee's views regarding the need to make a timely announcement of the floor and ceiling prices for cotton each year.

C. Iron and Steel.—The Committee has accepted the need for continuing the control subject to such relaxation in distribution control as the situation justifies. The Committee has endorsed the policy of dealing centrally with the needs of iron and steel industries of all-India importance and has also asked that special attention should be paid to the needs of small-scale industries. The Committee has not favoured the idea of letting the States change allocations of steel in their own discretion. The Committee has supported the continuance of control on scrap but suggested that there should be no restrictions on Inter-State movement.

D. Coal.—The Committee has accepted the need to continue the existing control on the coal industry with its system of fixed prices rather than ceiling prices. The Committee has also recommended that distribution control in respect of coal should continue as long as transport is short.

E. Salt.—The Committee recommends the continuance of the present zonal scheme until there is an easing of transport. The Committee has, however, made a number of recommendations suggesting relaxations of the existing control regarding salt and these are under the consideration of Government.

13. In conclusion the Government of India wish to place on record their appreciation of the valuable work done by the Committee. Government are happy to note that by and large the Committee has endorsed the existing policy of Government regarding controls. The Committee has, however, rightly drawn attention to the need for improving the administration of these controls still further and it has made a number of detailed suggestions on various points which will receive the most careful consideration of Government.

S. BHoothalingam, Secy.

